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MANAGEMENT ILLUSTRATED

EFFECTIVE PRACTICES IN STATE MEDICAID PROGRAMS

STATE AGENCY

New York Department Of Social Services-Human Resources Administration-Medical Assistance Program-New York, New York

TOPIC

Bank Clearance Procedure To Locate Undisclosed Liquid Assets Of Medicaid Recipients In Long Term Care Facilities

BACKGROUND

The Human Resources Administration operates New York City's Medical Assistance Program, and determines eligibility. Although the medical assistance staff had no effective method for locating undisclosed liquid assets, their experience indicated that the long term care population of New York City traditionally has more assets than the rest of that City's Medicaid population. In addition, some of these recipients, because of mental incapacity relating to the illnesses of old age or disability, are frequently unable to provide correct information as to the amount of their assets.

Since the New York Banking Law, Article I, Section 4, requires banks to disclose to public welfare officials, upon request, the amounts of any assets on deposit belonging to a public assistance recipient, Human Resources faced no legal barriers in obtaining this information.

THE PROBLEM

The New York City Medical Assistance Program determined that undisclosed liquid assets were causing eligibility errors and therefore, Medicaid funds were being misspent. This error occurred most frequently in the long term care population whose services utilize a high percentage of Medicaid dollars.

THE SOLUTION

In 1980, the New York City Medical Assistance Program (MAP) in cooperation with the Corrective Action Projects Division of the Medicaid/Medicare Management Institute initiated a bank clearance procedure to locate undisclosed liquid assets of Medicaid recipients in long term care facilities.

Prior to implementing the procedure, MAP staff identified all of the banks in each New York City zip code area, and prepared mailing labels for each bank. The labels were filed by zip code. In addition, a bank inquiry form was developed.

The bank clearance procedure focused on newly approved medical assistance only recipients who were patients in long term care facilities. During the application process, the eligibility worker identified: the zip code of the patient's residence prior to entering the long term care facility, the zip code of his/her last place of employment; and, if applicable, the zip code of any guardian or responsible relative.

Once an application for medical assistance was approved, the eligibility section forwarded a bank inquiry form to the newly instituted Bank Clearance Unit, indicating the zip codes to be checked, name of applicant, and the type(s) and amount(s) of all known resources.

The Bank Clearance Unit, composed of a supervisor and six clerical staff, then forwarded an inquiry form to each bank in the zip codes indicated. Upon the return of each form, the Bank Clearance Unit recorded the following types of information: 1) the name of the bank responding; 2) whether an account was found; and, 3) the amount of money in the account. The Unit then compared these findings against their file of disclosed assets.

When the Bank Clearance Unit located a single undisclosed account that, in addition to previously disclosed assets, exceeded the resource limit, the unit immediately forwarded the case to a specialized resource

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eligibility worker who took action to terminate Medicaid coverage. Cases were then forwarded to the Office of Legal Affairs, Client Fraud and Abuse Section, for any pertinent recovery action.

Initially, the bank clearance procedure was done manually. Since then, the procedure has been partially automated with the Q-1 Computer to generate and track bank clearance forms, mailing labels and listings of banks by zip code. This increased MAP's ability to handle the heavy paper flow.

During the 26 weeks that the procedure was handled on a manual basis, at a cost of $34,146 for staff and $3,743 for mailing, 11,573 bank clearance forms for 1,062 cases were mailed out. From the responses received, 34 cases were found ineligible and were removed from the Medicaid rolls. The excess undisclosed bank assets located for those 34 cases was $454,355.[1] In the first seven weeks using the automated system, at a cost of $10,000 for staff and $8,443 for mailing, MAP sent out 31,241 bank clearance forms for 1,862 cases, and identified another 34 cases whose excess assets amounted to $236,326.[1]

Using this procedure, MAP is also locating and researching closed accounts to determine whether funds were transferred in order for the client to become eligible for medical assistance. MAP's ultimate goal is to fully automate the bank clearance process and to expand the procedure to cover the City's entire Medicaid population.

SUMMARY

Cooperation between the Medicaid agency and local banks resulted in reducing the number of Medicaid ineligibles in long term care, saving tax dollars and improving the efficiency of the New York City Medicaid program as a whole.

This modest operation has shown very positive results; and greater gains are anticipated with more staff and increased automation. Using the preliminary cost figures, savings accrued to New York City through this project can be estimated as follows:

Gross Savings

$236,326. excess undisclosed assets located during 7 week period of automated operation

7 weeks = 52 weeks
$236,326. $1,755,564.

$1,755,564. estimated excess undisclosed assets over 52 week period, using same procedure as 7 week period and targeting on newly approved medical assistance only recipients in long term care facilities

Staff and Mail Expenditures[2]

7 weeks = 52 weeks
$18,443. $137,005.

$137,005. estimated annual staff and mail expenditures

Net Savings —Annual

$1,755,564. gross savings
−137,005. expenditures
$1,618,559. estimated annual net savings

[1]Undisclosed assets reported here included *only* the first *single account* of undisclosed assets identified, which in whole or combined with disclosed assets, exceeded allowable resource limits. Figures do not include: 1) additional undisclosed accounts, beyond the initial one which resulted in the case being over-resource; and, 2) cases in which there were no disclosed assets, and undisclosed assets which *only* in combination would have resulted in the case being over-resource.

[2]These figures do not include costs of designing and printing bank clearance forms. Estimates do not include expense of key punch operators who are available through State education and rehabilitation programs at no cost to New York City.

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